LONG DISTANCE.

VIA FEDERAL EXPRESS

RECEIVED

APR 12 1995

FCC MAIL ROOM

April 11, 1995

DOCKET FILE COPY ORIGINAL

Ms. Donna R. Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

RE: Comments of U.S. Long Distance, Inc. in CC Docket No. 92-77

Dear Ms. Searcy:

Enclosed herein please find an original and ten (10) copies of the Comments of U.S. Long Distance, Inc. in the above referenced proceeding, submitted herewith for filing in accordance with the schedule set forth in the Commission's Public Notice in response to an industry coalition ex-parte filing, DA-95 473, released March 13, 1995.

Please stamp the enclosed copy of this letter for verification of your receipt and return to the undersigned in the postage paid envelope provided. Please contact the undersigned with any relative questions or requests. Your courtesies are greatly appreciated.

Sincerely,

Kenneth F. Melley, Jr. /cgl

Kenneth F. Melley, Jr.
Vice President of Regulatory Affairs

KFM/cgl
enclosure

No. of Copies rec'd 0+10
List A B C D E

Corporate Offices
9311 San Pedro, Suite 300, San Antonio, Texas 78216
(210) 525-9009 Fax (210) 525-0389

RECEIVED
APR 12 1995
FCC MAIL ROOM

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20055

In the matter of		
Billed Party Preference for 0+ InterLATA calls	))))	CC Docket No. 92-77

DOCKET FILE COPY ORIGINAL

COMMENTS OF
U.S. LONG DISTANCE, INC.

U.S. Long Distance, Inc. ("USLD") hereby submits its comments in response to the Public Notice [1] released by the Commission on March 13, 1995 regarding alternatives to the proposal for implementation of a Billed Party Preference ("BPP") system, most recently contemplated in the Further Notice of Proposed Rulemaking ("FNPRM") released June 6, 1994 by the Commission. [2]

U.S. Long Distance, Inc. ("USLD") is a competitive long distance service provider authorized to provide telecommunications services, including operator services, in forty four states, as well as on an interstate and international basis. USLD has been providing "operator services" as defined in the context of the Telephone Operator Consumer Service Protection Act of 1990 ("TOCSIA") and promulgated thereafter in 47 C.F.R. §64.704 since its incorporation in 1986. USLD has been a party to the Commission's instant proceeding, CC Docket 92-77, since its inception in 1992. USLD is a member of the trade association CompTel, which has co-sponsored the initiative to impose rate limitations upon interstate operator services. USLD fervently endorses the

---

1 Public Notice "Pleading Cycle Established for Comments on CompTel's Filing in CC Docket No. 92-77 Proposing a Rate Ceiling on Operator Service Calls," DA 95-473 {rel. March 13, 1995}

2 Billed Party Preference for "0+" InterLATA calls, CC Docket No. 92-77, (rel. June 6, 1994), hereinafter referred to as "FNPRM."

proposal set forth within the ex-parte filing of March 7, 1995 as an alternative to the adoption of a system of billed party preference ("BPP") for 0+ dialed interLATA calls.

USLD has made its opposition to the adoption of a BPP system clear through its previous filings in this proceeding. OSPs are currently obligated to identify themselves both verbally and in writing to end users, and to provide information about rates and access to other carriers. Such disclosure provides the necessary information to the caller regarding the services being offered by the OSP. The conservative estimates of the cost of BPP's implementation are staggering and to date remain unjustified in any credible fashion. The system as proposed will have the affect of actually changing the routing of a small percentage of all operator assisted calls. And, finally, Congress is currently contemplating the revision of the Telecommunications Act of 1934 such that non-traditional providers of local services would necessarily have to be factored into the billed part preference proposal, yet USLD believes this issue has been neither considered nor accounted for in the information filed on behalf of the proposals' few proponents.

However, operator service rates continue to be pressured upward as a result of the diminishing number of revenue-producing calls being generated at aggregator locations. USLD cannot dismiss the argument that the decline in revenue-producing calls generated at aggregator locations is attributable at least partially to those very same increasing rates. Thus, embedded operator service providers must either respond with higher rates to their aggregator customers' needs in order to maintain revenue neutrality in an environment of increasing dial around usage, or forfeit its customer base to the many competitors within the operator service industry. With the erosion of their customer base, OSPs eventually lose their ability to recover their capital investment. Absent regulatory intervention, this cycle has disastrous implications to the OSP and the aggregator industries.

USLD currently provides operator services within twenty six states in which the regulatory agency has adopted rules that impose rate limits on operator assisted calls. Eleven more states require that OSP rates be approved within a carrier's tariff, and seven states do not restrict the rates charged by an operator service provider. Based upon its experience in these jurisdictions, and based upon its commitment to address and resolve the issue of consumer satisfaction which persists from before the TRAC Orders through today, USLD reaffirms its full and unconditional commitment to support the proposal set forth in the March 7, 1995 filing.

USLD believes that the competitive pressures within the operator services industry which drive up end user rates will be effectively controlled through a rate cap proposal, as it has in the aforementioned states, and that consumer issues will be isolated and resolved through the proposal set forth in the ex-parte filing. Reconfiguration of revenue allocations will necessarily follow the implementation of such a proposal. Since the proposal is co-sponsored by the pay telephone industry trade group, however, USLD remains confident that the core industry will prevail, with only the most inefficient participants languishing. Along with advocating a standard rate ceiling, USLD urges the Commission to enforce standards for calculating the duration of operator service provider calls, since many OSPs today utilize three minute minimum billing periods in order to increase revenues without filing higher rates.

CONCLUSION

On balance, a BPP system, as contemplated in today's dynamic telecommunications environment, and in consideration of the tangible costs and benefits which are, in the estimation of USLD, less than adequately addressed in the FNPRM, would be contrary to the consumers' best interests. Furthermore, the industry itself has brought forth a cost efficient, proven methodology of addressing with finality consumer issues which remain as the sole defensible argument for the implementation of a BPP system. The industry assumes the risk in this proposal by establishing rate limits which are based upon end user tolerance thresholds rather than empirical cost data. Alternatively, under BPP, the Commission would assume the risk of mandating a multibillion dollar system which is unlikely to ever satisfy its objective on a cost efficient basis. For these reasons, USLD strongly advocates the proposal set forth in the Public Notice and urges the Commission to take immediate action in implementing the framework and safeguards set forth therein.

Respectfully submitted,

Kenneth F. Melley, Jr. /cgf

Kenneth F. Melley, Jr.
Vice President of Regulatory Affairs
U.S. Long Distance, Inc.
9311 San Pedro, Suite 300
San Antonio, Texas 78216

April 11, 1995